

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF SOUTH SHORE)
WATER WORKS COMPANY FOR A) CASE NO. 9330
GENERAL RATE INCREASE)

ORDER FOR REHEARING

On January 13, 1986, the Commission entered its Order granting South Shore Water Works Company ("South Shore") rates which would produce an additional \$34,870 annually. On January 24, 1986, South Shore petitioned the Commission for rehearing on ten points. South Shore also requested that it be permitted to continue to charge the rates placed into effect on October 23, 1985; however this request to charge its customers rates higher than those found fair, just and reasonable in the Commission's Order of January 13, 1986, is unlawful and must be denied.

Specifically South Shore requested rehearing on the following issues:

1. Salary Expense for two new employees
2. Salary of Mr. J. Byron Hannan
3. Chemical Charges
4. Rates Cases Expense
5. Sales Tax
6. (a) Non-operating Income not included in the determination of revenue requirements.
(b) The level of Non-operating Income

7. Disallowed Non-recurring charges
8. Bad Debt Expense
9. (a) Depreciation Expense on Contributed Property
(b) Difference between accelerated and straight-line depreciation.
10. Recalculation of Net Investment Rate Base.

With regard to many of the above issues raised for rehearing, South Shore presented additional evidence to the Commission's Order. Thus, the Commission grants generally rehearing for all issues with the exception of the extension of Mr. J. Byron Hannah's salary, bad debt expense and the recomputation of the net investment rate base.

In its determination of the appropriate rates to be charged by South Shore, the Commission has taken into consideration the difference between the billing analysis and the amount of revenue actually booked; thus the issue of bad debts expense is moot. On the issues of Mr. J. Byron Hannah's salary and the net investment rate base, the Commission denies rehearing as no new evidence presented has changed the Commission's opinion as stated in its Order of January 13, 1986.

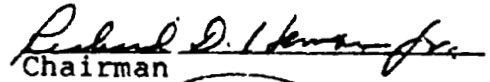
IT IS THEREFORE ORDERED that:

(1) South Shore's petition for rehearing be and it hereby is granted in part and denied in part as discussed in a prior section of this Order.

(2) The Commission's Order of January 13, 1986, remains in full force and effect.

Done at Frankfort, Kentucky, this 13th day of February, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary